

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – MAY 25, 2005**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Randy Avery, Acting Chief of Enforcement; Steven Slovensky, Legal Counsel; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; Evie Taft, Human Resources Administrator; George Tsiopras, Chief Financial Officer; John Larochelle, Assistant Director of Store Operations; Tom Chagnon, Assistant Director of Information Technology. **Guests:** Al Picconi, United Beverages, Inc.

**EXCUSED:** Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations.

(Steven Slovensky, new Legal Counsel for the Commission, was introduced to those present.)

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

Total sales for the week ending May 22, 2005 for the weekly comparison were up 17.65% or \$1,170,021. For the yearly comparison, sales increased by almost 6.5% or \$21,341,024.

##### **B. Budget/Administrative Reports:**

A meeting of all state business managers has been called by John Dolan for tomorrow, May 26<sup>th</sup>. Craig and George will attend.

Contract renewals are being prepared for statewide services for both rubbish removal and snow plowing. Commissioner Byrne asked if these could be consolidated to be signed all at once. Craig mentioned that one of the issues to be brought up at the business managers' meeting will be to raise the limit on contract amounts to be submitted to Governor and Council.

Craig and John Bunnell are working on bringing in people from the outside to evaluate the warehouse. Two individuals have come in, and one will be returning this afternoon to take more measurements. In addition, two more are scheduled to visit over the next week. Craig will keep the Commission posted on this. In addition, John Bunnell distributed a report on progress being made relating to the Risk Management safety report of April 7<sup>th</sup>.

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 86% expired, with about 81.4% of the budget expended. The Benefits line is at a \$70,000 deficit and will continue to be monitored. There are some salary monies which can be moved into the Salary Adjustment account.

2. IT Report

The IP Address Re-Numbering Project has completed the testing phase. Five stores close to the Concord area are being targeted for these changes to occur by next week. After a successful change over of these stores, additional stores will follow.

CBE Technologies has the lowest bid of \$6,961.50 for the liquor store POS Equipment Support contract. A meeting occurred this past Monday with CBE, Store Operations and IT to discuss the requirements of this contract. Liquor IT is working with OIT to execute a contract with CBE for services to start on July 1, 2005.

IT is awaiting receipt of a new Cisco network switching device from OIT to be installed in our environment in the next couple of months. This device will replace seven individual outdated devices, providing Liquor with a faster and more robust network along with increased redundancy.

Back-up data circuits in the top 10 stores will be totally installed and tested by Friday, May 27<sup>th</sup>.

3. Human Resources Report: No report presented.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total store sales for the week ending 5/22/05 increased by 18.76% or \$974,024.60.

The stores are gearing up for Memorial Day weekend. In addition, managers will be meeting regarding the new high energy system and the Buyers Beware kick-off at Store #67 Hooksett.

A. Recommendation Hours of Operation – Store #15, Keene:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve store hours of operation for the new Keene

store, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales, as follows: Monday – Thursday (9:00 a.m. to 8:00 p.m.); Friday and Saturday (9:00 a.m. to 9:00 p.m.); Sunday (9:00 a.m. to 6:00 p.m.). The motion was unanimously adopted.

John Bunnell said follow-up on progress at the new Keene location with subsequent reports to the Commission will continue until completion of the project.

2. Purchase Report: No report presented.

3. Merchandising Report

A. SPIRITS:

1) Fourth of July Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve thirty (30) spirit items to be featured during the upcoming Fourth of July Sale, scheduled for Thursday, June 23 through Monday, July 4, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Test Market Requests:

a. Sauza Tres Generaciones Reposado Tequila:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits USA for a new test market listing for Sauza Tres Generaciones Reposado Tequila, 750ML size (assigned new Code #3941), to be distributed to Cluster 1, 2 and 3 stores only, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Rhum Barbancourt 3 Star:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Societe du Rhum Barbancourt, for a new test market listing for Rhum Barbancourt, 750ML size (assigned new Code #4427), as recommended by Richard Gerrish, Spirits Marketing

Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Chocoviac Flavored Cognac:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Gabriel & Andeau for a new test market listing for Chocoviac Flavored Cognac, 750ML size (assigned new Code #5211), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Shakka Kiwi, Apple and Grape Liqueurs:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Todhunter Imports Ltd. for new test market listings for Shakka Kiwi Liqueur (assigned new Code #208), Shakka Apple Liqueur (assigned new Code #209) and Shakka Grape Liqueur (assigned new Code #210), 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Jose Cuervo Golden Margarita:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a new test market listing for Jose Cuervo Golden Margarita, 1.75L size (assigned new Code #5587), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Captain Morgan Tattoo Rum:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a new test market listing for Captain Morgan Tattoo Rum, 750ML size (assigned new Code #4345), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- g. Captain Morgan Parrot Bay Passion Fruit Rum:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a new test market listing for Captain Morgan Parrot Bay Passion Fruit Rum, 750ML size (assigned new Code #4347), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Line Extension Requests:

- a. Captain Morgan Parrot Bay Mango Rum, 1.75L

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a line extension to Captain Morgan Parrot Bay Mango Rum in the 1.75L size (assigned new Code #4353), as this brand in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. Jose Cuervo Tradicional Tequila, 1.75L:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a line extension to Jose Cuervo Tradicional Tequila in the 1.75L size (assigned new Code #3916), as this brand in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Appeal (Code #5314, Strega Sambuca) – tabled 5/4/05, Item A-1-c):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that this item be removed from the table, and that the Commission grant an appeal from United Beverages, Inc./Shaw Ross International to the delisting of Code #5314, Strega Sambuca, 750ML size, and allow this item to repeat the six-month test market period. The motion was unanimously adopted.

5) July Special Offers:

- a. 188 items – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon special purchase allowances for one hundred sixty-seven (167) spirit items, to be featured on sale during July 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, but table special offers for twenty-one (21) spirit items pending further negotiations. The motion was unanimously adopted.

- b. 4 unmatched items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions (without matching state funds) for four (4) spirit items, to be featured on sale during July 2005, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) Special Offers for Fourth of July 2005 (1 item – Horizon Beverage Co.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Horizon Beverage Company, based upon depletions of one (1) wine item, to be featured on sale during the Fourth of July Sale, effective June 23 through June 27, 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Special Offers for July 2005:

- a. 19 items – Charles Zoulias:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Charles Zoulias, based upon depletions/special purchase allowances for nineteen (19) wine items, to be featured on sale during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 56 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions/special purchase allowances for fifty-six (56) wine items, to be featured on sale during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 52 items – Pine State Trading Co./E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Co./E & J Gallo Winery, based upon depletions for fifty-two (52) wine items, to be featured on sale during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 37 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions/special purchase allowances for thirty-seven (37) wine items, to be featured on sale during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 6 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances for six (6) wine items, to be featured on sale during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 8 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances

for eight (8) Sterling wine items, to be featured on sale during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- g. 12 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances for twelve (12) Yellow Tail wine items, to be featured on sale during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- h. 154 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances for one hundred fifty-four (154) wine items, to be featured on sale during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Close Outs

- a. 1 item – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the initial price reduction and purchase of one (1) wine code for close out as submitted by United Beverages, Inc., as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, but that Marketing be required to report back to the Commission after sixty days before an additional discount is taken. The motion was unanimously adopted.

- b. 15 items – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve price reductions for close-out for fifteen (15) Perfecta/Seabreeze wine items submitted by Charles Zoulias, as recommended by Nicole Brassard, Wine Marketing

Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Roll Out & Purchase of Corbett Canyon Pinot Grigio 3 Liter:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/ The Wine Group, Inc. for the roll out and purchase of Code #39087, Corbett Canyon Pinot Grigio, 3L size during July and August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) St. Francis “Big Barbeque Reds Promotion”:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/ Kobrand Corporation to conduct a “Big Barbeque Reds Promotion” during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Horizon Buy One Get One Half Off- July & August 2005:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/ Brown Forman Corporation to conduct a “Buy One Get One Half Off” promotion during July and August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Recommended Allocated Wines for Distribution to Selected Stores (8 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve eight (8) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Primary Source Submissions (2 primary source; 10 exclusive agent; 14 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the approve the listing of two (2) wine codes which are from primary

source, ten (10) wine codes which are offered by the exclusive marketing agent, and fourteen (14) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – No report.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

**1. Bailment Requests:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated May 19 through May 25, 2005. The motion was unanimously adopted.

**2. Coupon Approvals:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of June 2005. The motion was unanimously adopted.

**3. Late Items/Other:      None.**

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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